

EUROPEAN PARLIAMENT

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REPORT

drawn up on behalf of the
Committee on Budgets

in application of Article 204 of the EEC
Treaty and Article 8 of the Financial
Regulation authorizing further provisional
twelfths for

Section II - Council

Section II Annex I - Economic and Social
Committee

of the General Budget of
the European Communities
(Doc. 1-742/79)

Rapporteur : Mr Robert JACKSON

1.2.1

This report is submitted pursuant to Article 204 of the Treaty and Article 8 of the Financial Regulation, and embodies the proposed decision of the European Parliament for the granting of extra provisional twelfths, under Section II 'Council' and Section II, Annex I 'Economic and Social Committee' of the general budget of the European Communities.

At its meeting of 11 February 1980 the Committee on Budgets examined the draft submitted to it by Mr Robert Jackson, rapporteur for Sections I, II, IV and V of the draft general budget.

It approved the proposal to grant extra twelfths by 29 votes to 0 with 4 abstentions as regards appropriations under Chapter 21 'Rental of buildings and associated expenditure' for both Section II 'Council' and Section II, Annex I, 'Economic and Social Committee'.

Present : Mr Lange, Chairman; Mr Notenboom, first Vice-Chairman; Mr Spinelli, second Vice-Chairman; Mr Rossi, third Vice-Chairman; Mr Jackson, rapporteur; Mr Adonnino, Mr Aigner, Mr Arndt, Mr Baillot, Mr Balfe, Mr Barbi, Mr Bonde, Mrs Boserup, Mr Colla, Mrs Cresson (deputizing for Mr Motchane), Mr Cronin (deputizing for Mr Flanagan), Mr Dankert, Mr Fich, Mr Forth, Mr Gouthier, Mr Griffiths (deputizing for Mrs Gaspard), Mrs Gredal (deputizing for Mr O'Leary), Mrs Hoff, Mr Hord, Mr Henckens (deputizing for Mr Ryan), Lord O'Hagan, Mr Klepsch (deputizing for Mr Pfennig), Mr Langes, Mr Lega, Mr Nord, Mr Orlandi, Mr K. Schon, Mrs Scrivener, Mr Simonnet and Mr J. M. Taylor.

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A

The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

in application of Article 204 of the EEC Treaty and Article 8 of the Financial Regulation (requests for further provisional twelfths)
Section II - Council, Section II, Annex I - Economic and Social Committee

The European Parliament,

- having regard to Article 204 of the EEC Treaty,
 - having regard to Article 8 of the Financial Regulation of 21 December 1977,
 - having regard to the rejection of the draft 1980 budget in its entirety on 13 December 1979,
 - having regard to the requests of the Council, the Economic and Social Committee and the Court of Auditors for further provisional twelfths,
 - having regard to the Council's opinion on these requests,¹
 - having regard to the report of the Committee on Budgets (Doc.1-755/79),
1. Notes the various requests of the Council, Court of Auditors and Economic and Social Committee for several simultaneous twelfths to meet certain administrative requirements;
 2. Recognises the contractual obligations of the Council and of the Economic and Social Committee resulting from the rental of their premises and their insurance;
 3. Therefore approves the requests to make available to the Council:
 - (i) for Article 210 'Rent', three extra twelfths for commitments and five extra twelfths for payments;
 - (ii) for Article 211 'Insurance', nine extra twelfths for commitments and eleven extra twelfths for payments;
 4. Therefore approves, as well, the requests to make available for the Economic and Social Committee:
 - (i) for Article 210, 'Rent', three extra twelfths for commitments and five extra twelfths for payments;
 - (ii) for Article 211 'Insurance', nine extra twelfths for commitments and eleven extra twelfths for payments;

¹ Doc. 1-742/79

EXPLANATORY STATEMENTIntroduction

1. Without repeating the deliberations of the Committee on Budgets concerning the interpretation of Article 204 of the Treaty and Article 8 of the Financial Regulation, contained in the report by Mr Dankert¹ on the Commission's request for further provisional twelfths, your rapporteur would recall that it was concluded that:

- (i) the only means of increasing the appropriations available to the institutions beyond one-twelfth of the 1979 budget is to request further provisional twelfths;
- (ii) this procedure should be limited to those areas where important contractual obligations or urgent humanitarian needs impose it.

2. The strict application of these principles will not eliminate all the administrative difficulties of the institutions. There will be certain administrative activities in all the institutions which will have to be curtailed, postponed or cancelled. The European Parliament has itself drawn the financial consequences for these; similar restraints will have to be exercised in all the institutions.

3. The Committee on Budgets believes that these difficulties cannot be avoided; they are the consequence of the arrangements laid down in Article 204 and Article 8 of the Financial Regulation, which envisage the exceeding of the one-twelfths as an exceptional procedure.

4. There is a clear political reason for this. If all administrative difficulties could be overcome with great facility by some procedural device, then the present situation could become more than just temporary, as the incentive for a quick resolution of the problem would have been removed.

¹ PE 62.871

Particular requests for extra provisional twelfths

Council

5. Council has introduced a request for further provisional twelfths for its own budget to cover rental and insurance obligations arising under Article 210 'Rent' and Article 211 'Insurance'.

For rent it requests three extra provisional twelfths for commitments (1,384,575 EUA) and five extra provisional twelfths for payments (2,307,625 EUA).

For Article 211, 'Insurance', Council has requested nine extra provisional twelfths for commitments (27,750 EUA) and eleven extra provisional twelfths for payments (33,927 EUA).

These are justified by the Council because of existing contractual payments.

Economic and Social Committee

6. The Economic and Social Committee has forwarded requests concerning three lines; rents (Article 210), insurance (Article 211) and meetings (Article 250).

For rents the Committee requests three extra provisional twelfths for commitments (199,500 EUA) and five extra provisional twelfths for payments (332,500 EUA).

For insurance the Committee requests nine extra provisional twelfths in commitments (7,500 EUA) and eleven extra provisional twelfths for payments (9,167).

These two are requested on the basis of existing contractual commitments.

7. For its meetings the Committee has requested five extra provisional twelfths for commitments (895,000 EUA) and seven extra provisional twelfths for payments (1,253,000 EUA).

The Committee justified this request in view of the relatively heavier burden for the first six months of the year as opposed to the second.

Court of Auditors

8. The Court of Auditors requests, for Chapter 13 (mission expenses) three extra provisional twelfths in commitments (71,750 EUA) and six extra provisional twelfths in payments (143,500 EUA).

This extra expenditure is justified in the Court's view by the increase in activities in comparison with 1979, the relatively heavier recourse to on-the-spot controls in the first six months of the year, and the need to fix a timetable in advance.

9. In general, all the requests, based on administrative requirements, should be accompanied by full financial explanations as to the commitments to be anticipated, the means available, the consequences of the allocation of further twelfths on the remaining balances.

10. Here it is worth pointing out that only the Economic and Social Committee has provided such a full justification of the anticipated commitments, both for rents and insurance, and for meetings. The Council has not provided a breakdown of the rent bills that it will have to meet in the first few months of 1980: the justification provided by the Court of Auditors is general - no details are provided as to the number of missions and likely costs, and the timetable of these missions.

Deliberations of the Committee on Budgets

(i) Council

11. As with the request made by the Commission for its own budget, the Committee on Budgets approves the request of the Council for extra provisional twelfths for Article 210 'Rent' and Article 211 'Insurance'. This request is the result of inescapable commitments to third parties: rental and insurance payments are not made on a monthly but on a quarterly, six-monthly or annual basis.

However, the Committee requests that in future the Council provides fuller financial justifications for any request that it should be obliged to make.

(ii) Economic and Social Committee

12. The Committee on Budgets approves the Economic and Social Committee's request for extra provisional twelfths for Article 210 'Rent' and Article 211 'Insurance', for the reasons indicated earlier.

13. However, it concurs with Council that the request for further provisional twelfths for Article 250 'Meetings', be refused.

The Economic and Social Committee is, ultimately, responsible for its own timetable, and must adjust it in the light of the rejection of the 1980 budget.

14. The European Parliament has had to draw the consequences of the rejection for its own budget: the Committee on Budgets has asked the Bureau of Parliament to postpone all inter-Parliamentary delegations, other than those for which commitments have already been entered into. The Economic and Social Committee must submit itself to the same discipline.

Therefore, it is proposed to refuse this part of the Committee's request.

(iii) Court of Auditors

15. For the same reasons, the Committee on Budgets proposes rejecting the request of the Court of Auditors for further provisional twelfths for Chapter 13 'Mission expenses', given that the Court is in a position to determine the number of missions undertaken, and should adapt them in the light of the rejection of the 1980 draft budget. Parliament has taken similar measures for its own staff missions.

16. Your rapporteur, however, accepts the view that it may be difficult for the Court to amend its timetable of control visits and that, in any case, the rhythm of such visits is greater in the first part of the year than in the second. Furthermore, the Court's activities are currently expanding.

17. The Committee on Budgets wishes to avoid any weakening of the Community's real control efforts. If there is a danger that frauds may go undetected or that Community funds may be deflected from their correct implementation then some means must be found of making available to the Court the extra resources necessary to sustain its activities.

18. Your rapporteur recommends that the Court prepares a detailed statement of the number of missions it intends to undertake and their costs, and the likely shortfall in appropriations. The Court should then come forward with a new and fully motivated request, in the light of experience gained, if it should find that the application of the twelfths system is seriously jeopardising its control work.

Until such a time the Committee on Budgets cannot grant the Court's request.

Conclusion

19. The Committee on Budgets, determined to apply strictly the terms of Article 204 of the Treaty and Article 8 of the Financial Regulation believes that, as regards the administrative budgets of the institutions, extra twelfths can only be granted where imperative contractual obligations make it necessary.

Therefore, it approves requests from the Council and the Economic and Social Committee concerning extra twelfths for rent and for insurance.

20. However, it cannot approve extra twelfths for the meetings of the Economic and Social Committee or for the mission expenses of the Court of Auditors.

It will reexamine the latter point, within the next month, if serious difficulties arise for the Court in its control work.

